

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997


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FIRST SET OF INTERROGATORIES OF  
MAGAZINE PUBLISHERS OF AMERICA  
TO USPS WITNESS BRADLEY  
(MPA/USPS-T14-1-5)

(September 17, 1997)

Pursuant to the Commission's Rules of Practice, Magazine Publishers of America hereby submits the attached interrogatories to USPS witness Bradley (MPA/USPS-T14-1-5).

Respectfully submitted,

  
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**INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA  
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY**

**MPA/USPS-T14-1.** Please refer to your statement on page 6 of your testimony that "...witness Degen has disaggregated total mail processing labor costs into activity-specific cost pools. I follow his approach and estimate cost elasticities at the activity level"

- a. Did you conduct any independent appraisal of the appropriateness of Witness Degen's activity-specific cost pools for your variability analysis? If yes, please explain your analysis and provide any written documentation of your assessment. If no, please explain why you did not.
- b. If you did not conduct any independent analysis of the activity-specific cost pool disaggregation, please describe the type of analysis you would have undertaken to determine whether, and how, to disaggregate mail processing labor costs, had you done so.

**MPA/USPS-T14-2.** Please refer to pages 7-8 and 90 of your testimony where you discuss activities for which you were unable to estimate cost elasticities, in particular activities at non-MODS offices and sorting of mail at stations and branches and your selection of a proxy variability for these costs.

- a. Does the system variability from MODS offices apply both to non-MODS offices and stations and branches of MODS offices? If not, what is the variability for stations and branches?
- b. Please describe any alternative variability assumptions or calculations you considered for non-MODS offices. Please explain why you rejected each alternative considered.

**MPA/USPS-T14-3.** Please refer to your testimony on page 12 where you discuss the appropriateness of using MODS hours by accounting period as the dependent variables in your labor cost equations. Please confirm that using accounting period data will not capture the variability of mail processing labor costs within an accounting period. If you do not confirm, please explain.

**MPA/USPS-T14-4.** Please refer to page 13 of your testimony where you describe the inclusion of a lagged TPH term in your equations and page 55 where you discuss coefficients for the lagged piece-handling terms.

- a. Please provide all sources of information on which you relied to conclude that "The nature of the labor adjustment process in mail processing facilities is such that current staffing may depend not only upon volume in the current period but also upon volume in the previous period".
- b. Please explain in which "cases" the coefficients on the lagged piece-handling terms are "still important" even though they are much smaller than the current piece-handling coefficients.

- c. Please confirm that because you add the current and lagged terms to calculate the elasticity, the net effect of adding the lagged piece-handling term to your analysis is to increase variability estimates for each activity-specific cost pool. If you do not confirm, please explain fully.

**MPA/USPS-T14-5.** Please refer to page 18, and footnote 8, of your testimony where you discuss the difficulty of measuring workload for allied activities at MODS offices

- a. Please provide any written reports or papers you prepared for the Postal Service discussing possible future research on direct cost drivers for allied labor activities.
- b. Please describe your involvement, if any, in the preliminary study underway to begin to collect data on direct cost drivers for the platform.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice

  
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James R. Cregan

Washington, D.C  
September 17, 1997